

# COMMONWEALTH OF VIRGINIA

DELEGATE TERRIE L. SUIT, CHAIR

ELIZABETH A. PALEN, Executive Director



GENERAL ASSEMBLY BUILDING  
910 CAPITOL STREET, SECOND FLOOR  
RICHMOND, VIRGINIA 23219  
(PHONE) 804-786-3591  
(FAX) 804-371-0169  
epalen@leg.state.va.us  
<http://dls.state.va.us/houscomm.htm>

## VIRGINIA HOUSING COMMISSION

### Meeting Summary

Derelict Structures Work Group  
General Assembly Building, House Room C  
Richmond, Virginia  
August, 21, 2008; 9:00 AM

**Members Present:** Senator Mamie Locke, Delegate Daniel Marshall, Melanie Thompson, Mark Flynn, Bill Shelton, Emory Rodgers, Rick Witt, Chip Dicks, Ted McCormack, Bill Ernst, Timothy Wise, Anthony Burfoot, Art Lipscomb, Mike Hawkins, Art Berkeley, W. Eugene White, Sherri Neil, David Freeman, Martha Ann Creecy, Dana Fenton, Linda McMinimy, John Jordan, and Kelly Harris-Braxton.

#### **I. Welcome and Call to Order-Senator Mamie Locke, Chair**

- a. The meeting was called to order by Senator Locke at 9:00 AM and work group members were introduced.

#### **II. HB 511-Vacant Building Registration, increase annual fee (Dance, 2008)**

- a. *David Canada, City Manager for the City of Petersburg*
  - i. The bill seeks to increase the registration fee for derelict structures from \$25 to \$50, and the penalty for failure to register from \$50 to \$75.
  - ii. There are approximately 500 vacant buildings in Petersburg.
  - iii. The City is currently in the process of revitalizing the oldest sections of the city.
  - iv. With these actions we need additional tools to assist with the process.
  - v. If the vacant building registration would pay for itself it would make these tasks easier.
  - vi. It is estimated that it would cost \$50,000 to implement this program.
  - vii. This bill would make this cost effective and enable revitalization.
  - viii. Since the city's annexation, it has experienced a substantial increase in its population.
  - ix. Much of that is being housed in three categories-apartments, new single family growth on outer sections of city, and revitalization of historic districts in older districts.
  - x. There are still problems in older areas that are not in historic districts.
  - xi. The bill would increase fees and penalties which would assist in redevelopment.

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DELEGATE JOHN A. COSGROVE  
DELEGATE ROSALYN R. DANCE  
DELEGATE ROBERT D. HULL  
DELEGATE DANIEL W. MARSHALL, III  
DELEGATE TERRIE L. SUIT

SENATOR MAMIE E. LOCKE  
SENATOR JOHN C. WATKINS  
SENATOR MARY MARGARET WHIPPLE

F. GARY GARCZYNSKI  
T. K. SOMANATH  
MELANIE S. THOMPSON

- xii. **Delegate Marshall**-*Why do we need to register these buildings, don't we already know where they are located?*
- xiii. In most instances we do have the names of the owners. 452 houses are considered red tagged buildings that we already know of. The owner of the property has been notified, but we have not been successful in getting the owner to revitalize the building or to sell it.
- xiv. **Delegate Marshall**-*Does this bill refer to both commercial and residential buildings?*
- xv. We are only speaking to residential. It is only concerned with free standing residential structures.
- xvi. **Delegate Marshall**- *Fifteen percent of the houses in Danville are vacant. Many people are moving out. Many of these building owners can't find people to rent the houses. Tacking this fee on to them is just adding to their problems.*
- xvii. **Chip Dicks**-*The current statute just talks about the building being vacant for 12 months. Instead of trying to register buildings through this statute which is particularly broad, perhaps the better way to do it is through the derelict structures conversation. Where there is truly a safety issue, not just an empty building.*
- xviii. **Ted McCormack**-*Will this registration fee also address other issues such as lawn maintenance and trash?*
- xix. Once the building becomes vacant it is inevitable that it will acquire these other problems as well.
- xx. **Linda McMinimy**-*Have you had a lot of complaints about this fee?*
- xxi. No because we have not been able to implement it because it is not yet self funding. We want to get the program into a position where we feel it could pay for itself.
- xxii. **Martha Ann Creecy**-*We also have a registration problem because the fee does not pay for the registration.*
- xxiii. **Senator Locke**-*Are most of the owners local or absentee?*
- xxiv. Most are absentee owners. They don't reside in Petersburg, but it is difficult to know that for sure because different addresses are given by the owners.
- xxv. **Senator Locke**-*Thank you for speaking to the work group. We will continue to address this issue as we move forward with our meetings.*

### III. Visual Derelict Structure Presentation

- a. *Michael R. Packer, Chesterfield County School Board Attorney (Former Petersburg City Attorney)*
  - i. Please see the power point presentation available online.
  - ii. Most of these are enabling documents. Every city does not have to do this, but it gives each locality many places to go in the state law to address their housing issues. We are seeking to make the tool box larger.
  - iii. **Timothy Wise**-*How many additional layers of regulations are added by the houses being in the historic district?*

- iv. Just the opposite, those people are protected by the historic zoning. There is a connection between the housing maintenance code and historic preservation that prevents residents from destroying the historic look.
- v. We have saved many structures that otherwise would have been demolished.
- vi. **Delegate Marshall**-*Are most of the problems in historic districts?*
- vii. No, the problems are city wide.
- viii. **David Freeman**-*Are these structures coming up overnight or over time?*
- ix. Both, but with fires and natural disasters they appear more rapidly. But deterioration does happen over time as well.
- x. **Anthony Burfoot**-*Could you speak to the social issues that plague Petersburg as a result of the derelict structures. A lot of these cities are dealing with these same issues and the same socio-economic issues arise from these rows of board up houses.*
- xi. The good news in Petersburg is that housing is so affordable that people that are financially well off are living in neighborhoods with people that are not as well off and they have reasonable housing. The problem is that some people that can now afford these homes are bringing problems with them into the neighborhoods. And these problems aren't necessarily the residents themselves.

#### IV. Discussion of Legislative Concepts

- a. *A presentation was given by Mark Flynn of the Virginia Municipal League and Chip Dicks on behalf of the Virginia Association of Realtors.*
  - i. There are a lot of tools available to solve the derelict structures issue at this point, but that doesn't mean we are completed what work is needed for legislation.
  - ii. One of the biggest issues for a city is having the money to restore these buildings.
  - iii. Many times the localities never recover the costs of the repairs and maintenance.
  - iv. Professor Schilling from Virginia Tech touched on a lot of these issues, and he is a big advocate of the vacant building registration. Perhaps a follow up with him would be beneficial for the group.
  - v. The Virginia Municipal League has brought together a group of local attorneys and building officials from around the state to try to come up with additional tools that would be useful for cities to solve the issue.
  - vi. Two criteria must be present for these ideas. They must be useful and be something that has a likelihood of being passed.
  - vii. There is already authority where you have a nuisance property to take steps regarding that building.
  - viii. Perhaps a definition of what a derelict structure would be helpful.
  - ix. A proposed definition of derelict is a vacant building that has not had utility service for 12 months, and taking into account some proximity to the property lines.
  - x. This would serve as a useful provision that would not harm people's rights.

- xi. **Delegate Marshall**-*So the goal would be a bill to define what a derelict structure is? And is this only addressing residential buildings?*
- xii. It would be a trigger and it is not the only definition of a derelict structure. Commercial buildings are more difficult to define because the owners of commercial buildings tend to keep utilities on even though they are vacant for investment purposes for things such as fire suppression.
- xiii. **David Freeman**-*How does that follow with a structure where the utilities are kept on to avoid this definition, but then it becomes an attractive nuisance for squatters?*
- xiv. **Delegate Marshall**-*How would utility be defined?*
- xv. We are looking at water, gas, and electric.
- xvi. The concept of having a finite test is to avoid discretionary action or terms that are open to interpretation. We will have a discussion after your comments to redraft the definition. We don't want to get into the foreclosure vacant property issue.
- xvii. **Delegate Marshall**-*We need to make sure we make exceptions for scenarios such as deployed service members that close up their homes.*
- xxviii. The concept would be to incentivize the property owners to either demolition or renovate within 15 years.
- xix. All they have to do is to register and declare whether they are going to demolish or renovate.
- xx. It streamlines the process part and incentivizes the owners to do something with the property.
- xxi. Making the penalty a felony would not be effective because many of these owners are absentee and the VA courts could not bring them under their jurisdiction.
- xxii. The law was changed some years ago to exempt zoning complaints from disclosure requirements. Localities don't have to turn over information.
- xxiii. **Anthony Burfoot**-*Will you give the locality the right to set the abatement standard? Is 15 years recommended or can they come up with their own time frame? Norfolk has a 7 year abatement period.*
- xxiv. The concept was that it was a significant enough incentive, but we want a minimum period of time. At least 7 years would work. We want to make sure the property owners have a significant carrot to do this.
- xxv. **Anthony Burfoot**-*Who will put the standards in place?*
- xxvi. The intent would be for the locality to determine those standards. The legislation would simply have a minimum year period for the tax abatement. It would be included in the general laws which they would be permitted to do. The goal would be to provide enabling authority, not specific requirements.
- xxvii. **Kelly Harris-Braxton**-*The issue in Richmond has been that the program is being used in areas that aren't suffering.*
- xxviii. The intent is to only apply the tax abatement to derelict structures.
- xxix. **Delegate Marshall**-*Would this apply to counties, cities and towns?*
- xxx. In our view yes.
- xxxi. **Delegate Marshall**-*Is this a "may" or "shall" bill?*

- xxxii. This would be a minimum requirement standards bill, so a "shall".
- xxxiii. This would be one bill and we would then try to stream line the other sections that address this topic. The goal would be to come back with a draft before the next meeting.

**V. SB 162-Vacant Building Registration (Lucas, 2008); SB 163-Derelict Structures, fee on record owner (Lucas, 2008); HB 1119-Derelict Structures, fee on record owner (P. Miller, 2008)**

- a. *Sherri Neil, Senior Legislative and Management Analyst, City of Portsmouth*
  - i. Please see Ms. Neil's remarks which are available online.
- b. *Ronald Williams, Jr., Director of Intergovernmental Affairs, Norfolk*
  - i. Delegate Miller apologizes for not being here.
  - ii. These bills were prompted by the City of Norfolk but they were not exactly what is needed.
  - iii. The City of Norfolk already has a registration program, but the impetus for this bill was from looking at other areas of the country. Specifically the Conference of Mayors report.
  - iv. As a comparison, San Diego uses a bright line test. They don't register all vacant properties, instead they require a statement of intent of what the owner is going to do with the property once it has been declared vacant or derelict.
  - v. A registration for boarded structures would be beneficial and would be benefitted from the owner having to submit a statement of intent.
  - vi. It would also state the expected period of vacancy, a plan for maintenance, and a plan for reoccupation or demolition.
  - vii. It also has incentives for occupancy and rehabilitation. Such as marketing for selling the property, grants or tax benefits.
  - viii. That is our legislative intent. The derelict structure route does not get to what we are particularly looking at.
- c. *Martha Ann Creecy, Neighborhood Quality Task Force, Portsmouth, Virginia*
  - i. Please see the power point presentation available online.
  - ii. **Delegate Marshall**-*I agree with your problem, but I don't think this legislation is going to solve it.*
  - iii. The national vacant properties campaign has looked at other cities where this has been implemented and the registration was the first step that was made in those cities.
  - iv. **Timothy Wise**-*Of those eight houses that were on woman's block in the presentation, has there been any interest by a developer to buy this block?*
  - v. No, right now six of those properties are up for sale right now though.
  - vi. **Senator Locke**-*Thank you very much. There is a lot to work from this meeting and we can start to finalize these ideas for the next meetings.*

**VI. The meeting adjourned at 10:50 AM.**